

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☐

DEEPEN ☐

b. TYPE OF WELL

OIL  
WELL ☐

GAS  
WELL ☒

OTHER

SINGLE  
ZONE ☐

MULTIPLE  
ZONE ☐

2. NAME OF OPERATOR

Del-Rio Resources, Inc.

(435) 789-8162

3. ADDRESS AND TELEPHONE NO.

P.O. Box 459 Vernal, Utah 84078

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*

At surface

660' FNL 1980' FWL NE $\frac{1}{4}$  NW $\frac{1}{4}$

4381269H

411363E

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

See Topo Map "A" (attached)

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.  
(Also to nearest drlg. unit line, if any)

660'

16. NO. OF ACRES IN LEASE

1280

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION\*

TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

1320'

19. PROPOSED DEPTH

11,950'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

7409 GR

22. APPROX. DATE WORK WILL START\*

ASAP

23.

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | GRADE SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT         |
|--------------|----------------------|-----------------|---------------|----------------------------|
| 11"          | 8-5/8"               | 24#             | 850'          | See attached drilling plan |
| 7-7/8"       | 5-1/2"               | 17#             | 11,950'       | See attached drilling plan |

1. M.I.R.U.
2. Drill to T.D. 11,950'
3. Run 5-1/2" casing if commercial production is indicated
4. If dry hold, well will be plugged and abandoned as instructed by the B.L.M.
5. Well will be drilled with fresh water to 1800", then Chem Gel Mud to T.D.  
Mud will be in place to run 5-1/2" casing.

I hereby certify that I am responsible by the terms and conditions of the Lease to conduct Lease Operations. Bond Coverage pursuant to 43 CRF 3104 for Lease Activities is being provided by First Security Bank in the form of a Certificate of Deposit. BLM UT 0837

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Laurence C. Caldwell # TITLE President DATE Jan. 28, 2002

(This space for Federal or State office use)

PERMIT NO.

Application approval does not warrant or certify that the applicant has legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

TITLE

BRADLEY DIVISION OF  
RECLAMATION, OIL, GAS AND MINING

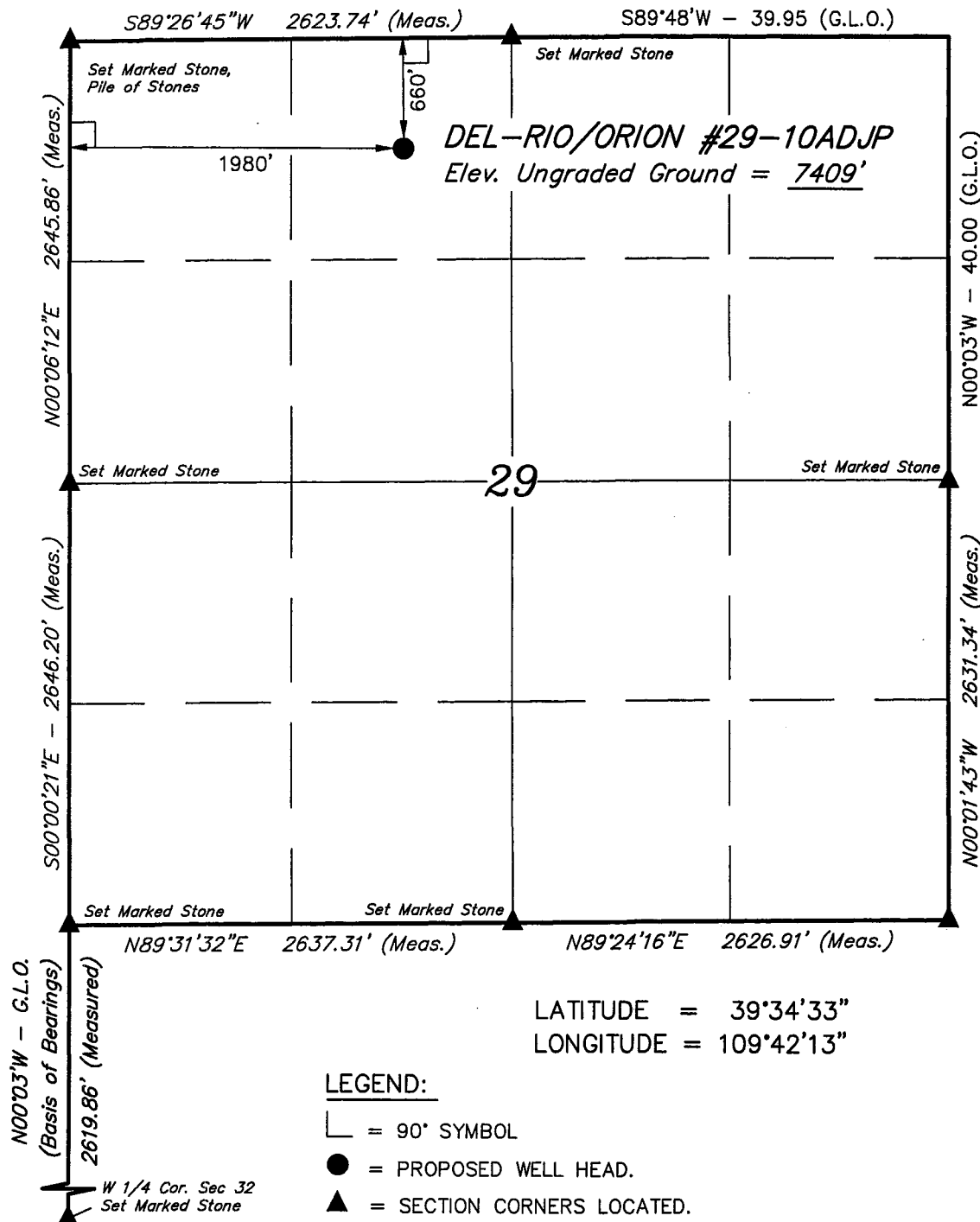
DATE

02-11-02

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**T14S, R20E, S.L.B.&M.**



**LEGEND:**

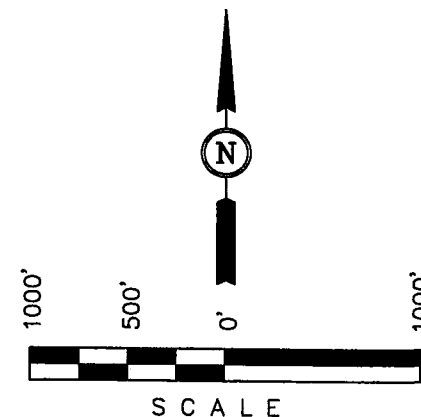
- = 90° SYMBOL
- = PROPOSED WELL HEAD.
- = SECTION CORNERS LOCATED.

**DEL-RIO RESOURCES, INC.**

Well location, DEL-RIO/ORION #29-10ADJP, located as shown in the NE 1/4 NW 1/4 of Section 29, T14S, R20E, S.L.B.&M. Uintah County, Utah.

**BASIS OF ELEVATION**

SPOT ELEVATION AT A LANDING STRIP IN THE NW 1/4 OF SECTION 32, T14S, R20E, S.L.B.&M. TAKEN FROM THE FLAT ROCK MESA QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 7512 FEET.



**CERTIFICATE**

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. 161319

*Robert J. Hay*  
REGISTERED LAND SURVEYOR  
REGISTRATION NO. 161319  
STATE OF UTAH

Revised: 01-25-02 D.R.B.

**UINTAH ENGINEERING & LAND SURVEYING**  
85 SOUTH 200 EAST - VERNAL, UTAH 84078  
(435) 789-1017

|                           |                                 |                         |
|---------------------------|---------------------------------|-------------------------|
| SCALE<br>1" = 1000'       | DATE SURVEYED:<br>10-16-01      | DATE DRAWN:<br>10-22-01 |
| PARTY<br>K.K. J.J. D.R.B. | REFERENCES<br>G.L.O. PLAT       |                         |
| WEATHER<br>WARM           | FILE<br>DEL-RIO RESOURCES, INC. |                         |

# DEL-RIO RESOURCES, INC. DRILLING PLAN FOR THE DEL-RIO/ORION #29-10ADJP

## I. DRILLING PLAN:

1. Geological Surface Formation: Green River
2. Estimated Tops:

| <u>Name</u>        | <u>Top</u> | <u>Prod. Phase Anticipated</u> |
|--------------------|------------|--------------------------------|
| Wasatch            | 2407'      |                                |
| Mesa Verde         | 4622'      | ↓                              |
| Castle Gate        | 6482'      | ↓                              |
| Mancos Shale       | 6762'      | Oil/Gas                        |
| Dakota             | 10532'     | ↓                              |
| Dakota Marker      | 10624'     | ↓                              |
| Morrison           | 10896'     | ↓                              |
| Summerville/Curtis | 11508'     | ↓                              |
| Entrada            | 11626'     | Gas                            |
| Carmel             | 11754'     | ↓                              |
| Navajo             | 11808'     | ↓                              |

## 3. CASING PROGRAM:

|         | <u>Depth</u> | <u>Hole Size</u> | <u>Csg. Size</u> | <u>Type</u>  | <u>Weight</u> |
|---------|--------------|------------------|------------------|--------------|---------------|
| Surface | 850'         | 11"              | 8-5/8"           | K-55 (LT&C)  | 24#/ft (new)  |
| Prod.   | 11,950'      | 7-7/8"           | 5-1/2"           | P-110 (LT&C) | 17#/ft (new)  |

## 4. Operator's Specification for Pressure Control Equipment:

- A. 3,000 psi W.P. Double Gate BOP (Schematic attached).
- B. Functional test daily.

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Del-Rio/Orion #29-10ADJP

- C. All casing strings shall be pressure-tested (0.2 psi/foot or 1500 psi, whichever is greater) prior to drilling the plug after cementing; test pressure shall not exceed the internal yield pressure of the casing.
- D. All ram-type preventers and related control equipment shall be tested at the rated working pressure of the stack assembly or at 70 percent of the minimum internal yield pressure of the casing, whichever is less. Tests shall be done at the time of installation, prior to drilling out, and weekly. All tests shall be for a period of 15 minutes.

5. Auxiliary Equipment:

- A. Kelly Cock - yes.
- B. Float at the bit - no.
- C. Monitoring equipment on the mud system - Mud Logger.
- D. Full opening safety valve on rig floor - yes.
- E. Rotating head - yes.

6. Proposed Circulating Medium:

|              |                 | Density          |                  |                   |  |
|--------------|-----------------|------------------|------------------|-------------------|--|
| <u>Depth</u> | <u>Mud Type</u> | <u>(lb./gal)</u> | <u>Viscosity</u> | <u>Water Loss</u> |  |
| 0'-1800'     | Fresh Water     | 8.4              | 30               | no control        |  |
| 1800'-TD     | Chem Gel        | 9.0              | 37-38            | 12 cc or less     |  |

7. Testing, Logging, and Coring Program:

- A. Cores - None.
- B. DST - none anticipated.
- C. Logging - DIFL/SP/GR (TD to surface).  
ZDL/CN/CAL w/DFIL (TD to 2000' from surface).  
MRIL (TD to 3000' from Surface)

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- D. Formation and Completion Interval: Final determination of completion will be made by analysis of logs.  
Stimulation - Stimulation will be designed for the particular area of interest as encountered.
- E. Frac gradient - approximately .75 psi/ft.

8. Cementing Program:

| <u>Casing</u> | <u>Volume</u>  | <u>Type &amp; Additives</u>   |
|---------------|----------------|---|
| Surface       | 383 sx         | Class "G" w/2% bwoc, +0.25#/sx cello flake, +44.3% fresh water<br>(based on 100% access)  |
| Production    |                | DV Tool @6600'  |
|               | <u>Stage 1</u> |   |
| Lead          | 344 sx*        | Premium Lite 2, +0.7% bwoc FL-52, +3%bwow Potassium Chloride, +0.5%bwoc R-3, +5#/sx Kolseal, +0.25#/sx cello flake, +92.9% fresh water.   |
| Tail          | 272 sx*        | (50/50) poz "flyash" Class "G", +3%bwow Potassium Chloride, +0.25#/sx cello flake, +0.9%bwoc FL-25, +30%bwoc silica flour, +3#/sx Kolseal, +2%bwoc Bentonite, +0.75%bwoc EC-1, +63.5% fresh water |
|               | <u>Stage 2</u> |   |
|               | 877 sx*        | (50/50) poz "flyash" Class "G", +3%bwow Potassium Chloride, +0.25#/sx cello flake, +2%bwoc Bentonite, +0.2%bwoc Sodium Metasilicate, +57.7% fresh water   |

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Cement Characteristics:

Lead:

yield = 1.97 cu.ft. per. sack  
weight = 13.0 lb./gal  
strength = 1700 psi in 24 hrs @240 degrees

Tail:

yield = 1.65 cu.ft. per. sack  
weight = 14.4 lb./gal  
strength = 2700 psi in 24 hrs @240 degrees

Stage 2:

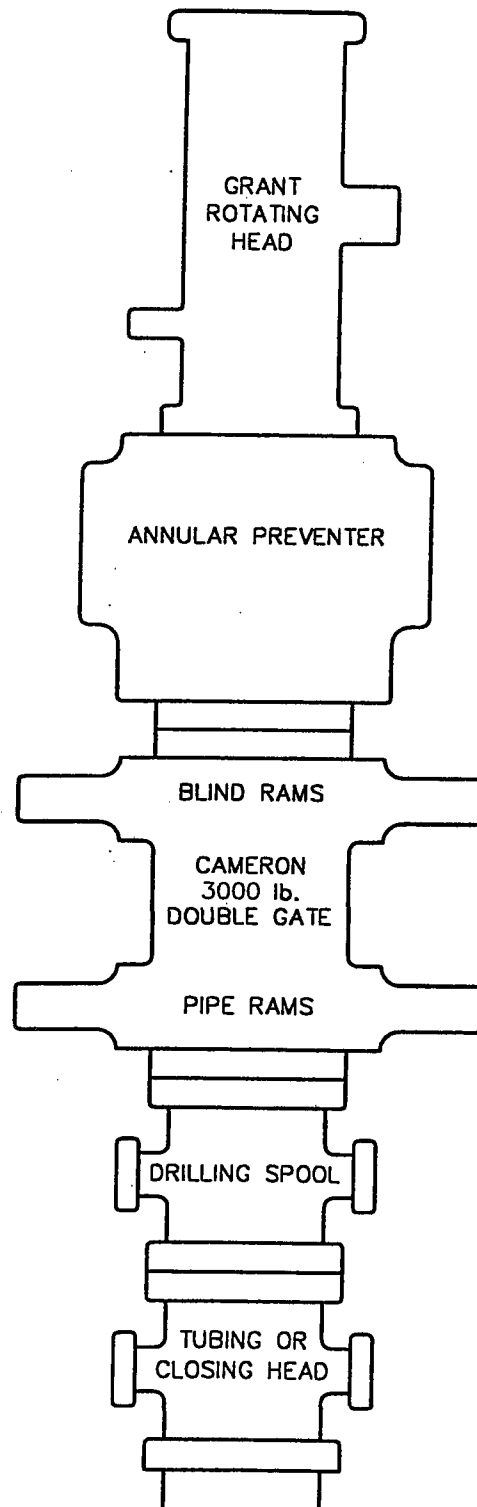
yield = 1.28 cu.ft. per. sack  
weight = 14.2 lb./gal  
strength = 2300 psi in 24 hrs @240 degrees

\* Final cement volumes to be calculated from caliper log with an attempt to be made to circulate cement to 3000' from the surface. A bond log will be run across the zone of interest and across zones as required by the authorized officer to insure protection of natural resources.

9. Anticipated Abnormal Pressures and Temperatures, Other Potential Hazards:

No abnormal temperatures or pressures are anticipated. No H<sub>2</sub>S has been encountered in or known to exist from previous wells drilled to similar depths in the general area. Maximum anticipated bottom hole pressure equals approximately 1,500 psi (calculated at 0.126 psi/ft) and maximum anticipated surface pressure equals approximately 1129 psi (bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/ft).

# CLASS III BLOWOUT PREVENTER STACK



**II. SURFACE USE PLAN  
DEL-RIO RESOURCES, INC.  
DEL-RIO/ORION #29-10ADJP**

1. Existing Road:

- A. Topo Map "A" is the vicinity map, showing the access routes from Ouray, Utah.
- B. Topo Map "B" shows the proposed access road to each individual well. It also shows existing roads in the immediate area.
- C. Occasional maintenance blading and storm repairs will keep roads in good condition.
- D. There shall be no mud blading on the access road. Vehicles may be towed through the mud provided they stay on the roadway.

2. Planned Access Roads:

The proposed access road, will be crowned, ditched, and dipped.

- A. Maximum grade will be 2% or less, unless otherwise stated.
- B. No turnouts will be required.
- C. Road surface material will be that native to the area.
- D. No cattle guard will be required.
- E. The proposed access road was flagged at the time the location was staked.
- F. The area authorized officer will be contacted at least 24 hours prior to commencing construction of the access road and well pad.



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- G. The back slopes of the proposed access roads will be no steeper than vertical or 1/4:1 in rock; and 2:1, elsewhere.

The operator or his contractor will notify the State office at least 48 hours prior to commencement of any work on these locations, roadways, or pipelines.

3. Location of Existing Wells:

See existing Drill Holes on Topo Map "C"

4. Location of Existing and/or Proposed Facilities:

- A. All Petroleum Production Facilities are to be contained within the proposed location sites.
- B. In the event that production of these wells is established, the following will be shown:
1. Proposed location and attendant lines, by flagging, if off well pad.
  2. Dimensions of facilities.
  3. Construction methods and materials.

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- C. The area used to contain the proposed production facilities will be built using native materials. If these materials are not acceptable, then other arrangements will be made to acquire them from private sources. These facilities will be constructed using bulldozers, graders, and workman crews to construct and place the proposed facilities.
- D. All permanent facilities placed on the locations shall be painted a non-reflective color which will blend with the natural environment.
- E. A dike shall be constructed around the tank battery, of sufficient capacity to adequately contain at least 110 percent of the storage capacity of the largest tank within the dike.
- F. All buried pipelines if needed shall be covered to a depth of 3 feet except at road crossings where they shall be covered to a depth of 4 feet.
- G. Construction width of the road right-of way/pipeline corridor route if needed shall be restricted to 30 feet of disturbance.
- H. Pipeline location warning signs shall be installed within 90 days upon completion of construction.

5. Location and Type of Water Supply:

Willow Creek at a P.O.D. of the SE 1/4 SE 1/4 of Section 29, T12S, R21E, S.L.B.&M. and transported by truck along the access roads which are shown on the attached topo maps. (Water Right Number: ~~49-1647~~) Attached. 49-1656 *lc*

Note: Proper Water permits will be obtained from the Ute Indian Tribe before use.

No water wells are to be drilled.

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6. Source of Construction Materials:

A. No construction materials are needed for drilling operations. In the event of production, the small amount of gravel needed for facilities will be hauled in by truck from a local gravel pit over existing access roads from the area. No special access other than for drilling operations and pipeline construction is needed.

B. All disturbance for this well site is located on Ute Tribal Lands and a Right-of-way has been applied for through the B.I.A.

All Construction material for these location sites and access roads shall be borrow material accumulated during the construction of the location sites and access roads. No additional construction material from other sources is anticipated at this time, but if it is required, the appropriate actions will be taken to acquire it from private sources.

C. All well pad surface disturbance area is on Ute Tribal Lands.

7. Methods for Handling Waste Disposal:

A. Drill cuttings will be buried in the reserve pit when covered.

B. Drilling fluids will be contained in the reserve pit.

C. Any hydrocarbon liquids produced while production testing will be contained in a test tank. Any unavoidable spills of oil or other adverse substances or materials will be removed immediately during drilling progress or during completion operations.

D. Portable chemical toilets will be provided and serviced by a local commercial sanitary service.

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- E. Garbage and trash will be collected in a trash cage and its contents hauled to a sanitary landfill.

All wastes caused by the construction activities shall be promptly removed and disposed of in a sanitary landfill or as directed by the authorized officer.

- F. Prior to commencement of drilling, the reserve pit will be lined with a minimum 12 mil. liner with sufficient straw bedding and will be fenced on three sides using 39-inch net wire with at least one (1) strand of barbed wire. All wire is to be stretched before attaching to corner posts. When drilling activities are completed it will be fenced on the fourth side and allowed to dry (if liquids are present). After drying, the fences will be removed and the pit shall be buried. Reclamation will be undertaken no later than the fall of the year after all drilling activity has ceased.

8. Ancillary Facilities:

No air strips, camps, or other living facilities will be built off the location. Housing and office trailers will be on the location as seen on the location layout.

9. Well Site Layout:

- A. See attached cutsheet.
- B. The areas authorized officer will be contacted at least 24 hours prior to commencing construction of the access road and well pad.
- C. The authorized officer has determined that the pit is to be lined, and type of material to be used.
- D. Topsoil shall be stripped to a depth of 12 inches and stockpiled as shown on the location layout plat.
- E. The back slopes of the locations will be no steeper than vertical or 1/4:1 in rock, and 2:1 elsewhere.

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- F. The upper edges of all cut banks on the access roads and well pads will be rounded.

10. Plans for Restoration:

- A. Immediately upon completion, the location and surrounding area will be cleared of all debris, materials, trash and junk not required for production.
- B. Before any dirt work to restore the location takes place, the reserve pit must be completely dry. The reserve pit will be reclaimed within 90 days from the date of well completion.
- C. The area officer shall be notified at least 48 hours prior to commencing reclamation work.
- D. All disturbed areas will be seeded with the a mixture which is found suitable by the B.I.A.
- E. The seed bed will be prepared by disking, following the natural contour. Drill seed on contour at a depth no greater than ½ inch. In areas that cannot be drilled, the seed will be broadcast at double the seeding rate and harrowed into soil. Certified seed is recommended.
- F. Fall seeding will be completed after September, and prior to prolonged ground frost.

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- G. If the well is a producer, access roads will be upgraded and maintained as necessary to prevent soil erosion, and accommodate year round traffic. Areas unnecessary to operations will be reshaped, topsoil distributed, and seed distributed according to the above mixtures. Perennial vegetation must be established. Additional work shall be required in case of seeding failures, etc.
- H. If the well is abandoned or is a dry hole, the access road and location will be restored to approximate the original contours. During reclamation of the site the fill material will be pushed into cuts and up over the backslope. No depressions will be left that would trap water or form ponds. Topsoil will be distributed evenly over the location and seeded according to the above mixture. The access road and the location shall be ripped or disked prior to seeding. Perennial vegetation must be established. Additional work shall be required in case of seeding failures, etc.
- I. Annual or noxious weeds shall be controlled on all disturbed areas. Method of control shall be by an approved mechanical method or an Environmental Protection Agency (EPA) registered herbicide. All herbicide application proposals must be approved. Application of herbicides must be under direct field supervision of an EPA certified pesticide applicator.

11. Other Information:

- A. All activity shall cease when soils or road surfaces become saturated to a depth of three inches, unless otherwise approved by the Authorized Officer.

If any fossils are discovered during construction, the operator shall cease construction immediately and notify the Authorized Officer so as to determine the significance of the discovery.

- B. A Class III cultural resource inventory shall be completed prior to disturbance by a qualified professional Archaeologist.

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Del-Rio/Orion #29-10ADJP

- C. The State considers the development of groundwater resources to be necessary and frequently indispensable to effective land management. Therefore, any groundwater intercepted by the party conducting mineral exploration shall be reported to the authorized officer immediately including approximate quantities and a sample in a sealed quart container. The State shall have the first opportunity to file State water rights for the intercepted groundwater. The undersigned may file for water rights only with a written waiver from the State.
- D. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials and contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

whether the materials appear eligible for the National Register of Historic Places;

the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and a time frame for the AO to complete an expedited review under 36 CFR 800-11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

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Del-Rio/Orion #29-10ADJP

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, an operator will then be allowed to resume construction.

- E. Less than 10,000 pounds of any chemical(s) from EPA's Consolidated list of Chemicals Subject to Reporting Under Title III of the Superfund Amendments and Reauthorization Act (SARA) of 1986, and less than threshold planning quantity (TPQ) of any extremely hazardous substances(s), as defined in 40 CFR, would be used, produced, transported, stored, disposed, or associated with the proposed action.

12. Lessee's or Operator's Representative:

Mr. Lawrence C. Caldwell II  
President  
Del-Rio Resources, Inc.  
P.O. Box 459  
Vernal, Utah  
Telephone #~~(801)789-8162~~  
Cell #~~(801)790-8578~~ (435)



Del-Rio Resources, Inc.  
Del-Rio/Orion #29-10ADJP

13. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite(s) and access route(s); that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by **Del-Rio Resources, Inc.**, and its contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

This statement is subject to the provision of 18 U.S.C. 1001 for the filing of a false statement.

1-28-02  
Date

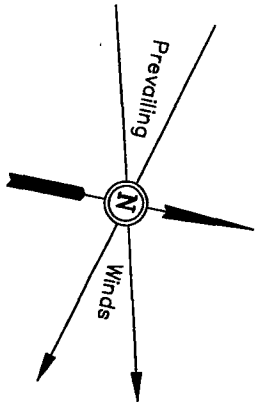
Lawrence C. Caldwell #  
Lawrence C. Caldwell II  
President

# DEL-RIO RESOURCES, INC.

## LOCATION LAYOUT FOR

DEL-RIO / ORION #29-10ADJP  
SECTION 29, T14S, R20E, S.L.B.&M.

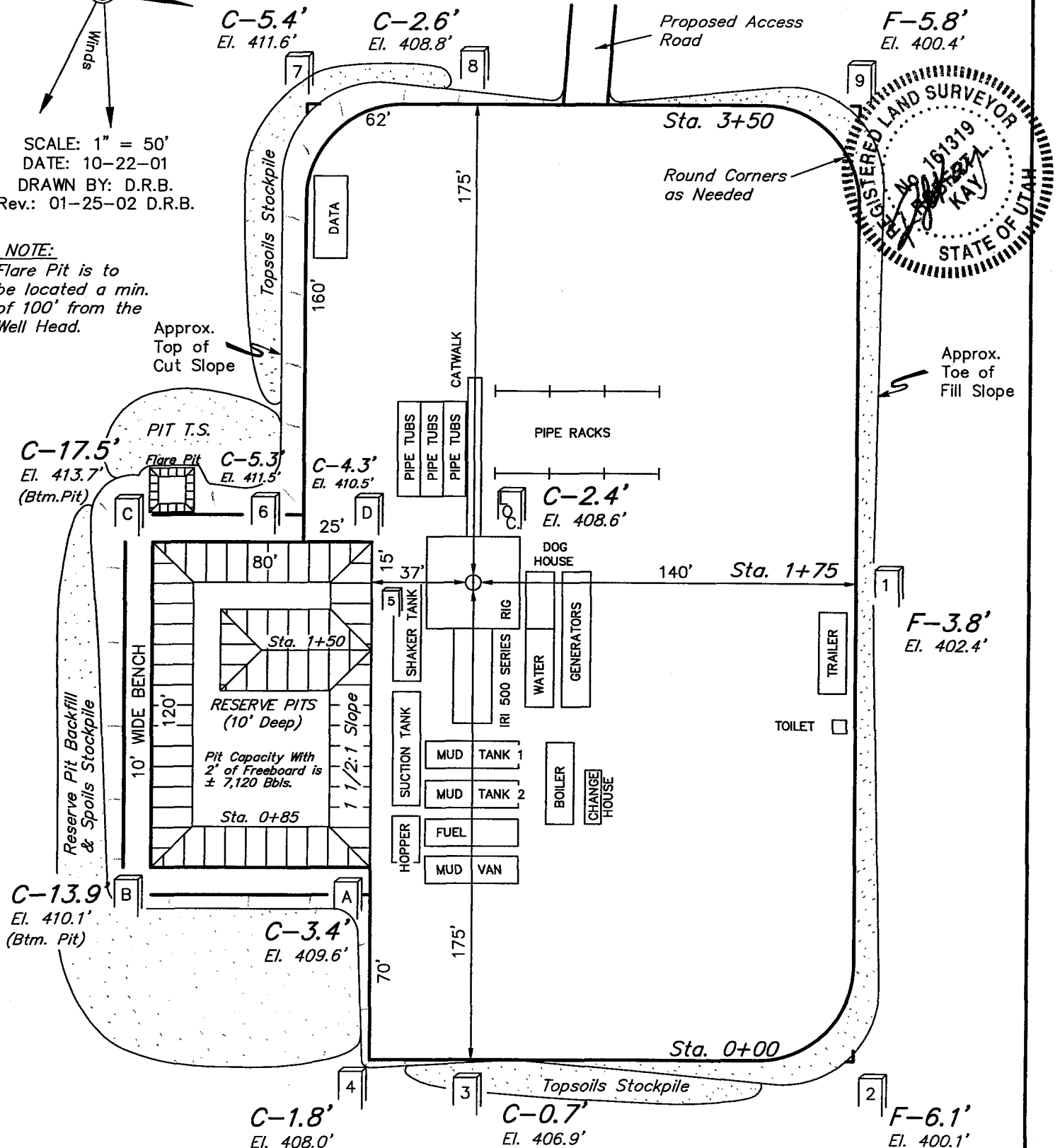
660' FNL 1980' FWL



SCALE: 1" = 50'  
DATE: 10-22-01  
DRAWN BY: D.R.B.  
Rev.: 01-25-02 D.R.B.

### NOTE:

Flare Pit is to be located a min. of 100' from the Well Head.



Elev. Ungraded Ground at Location Stake = 7408.6'  
Elev. Graded Ground at Location Stake = 7406.2'

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East \* Vernal, Utah 84078 \* (435) 789-1017

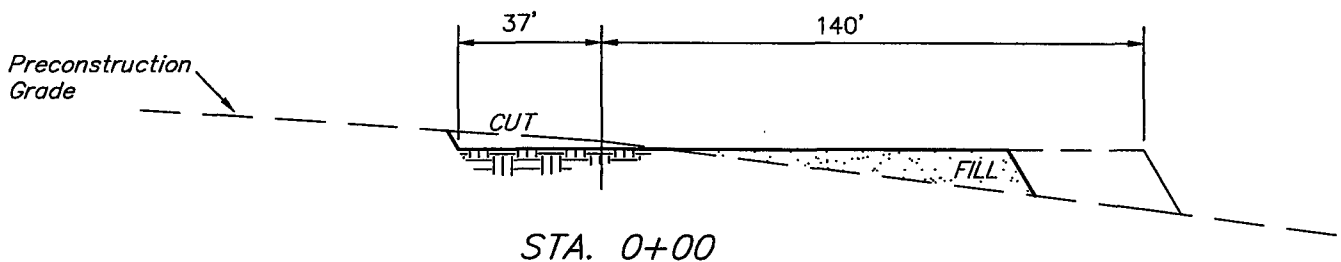
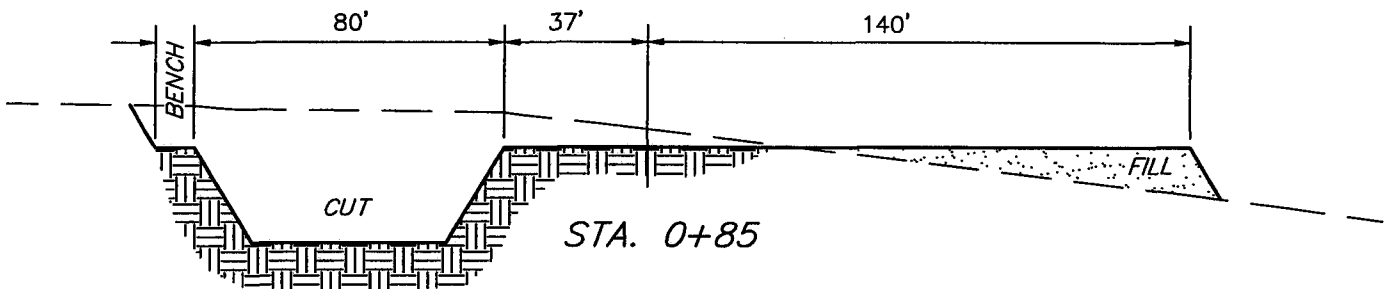
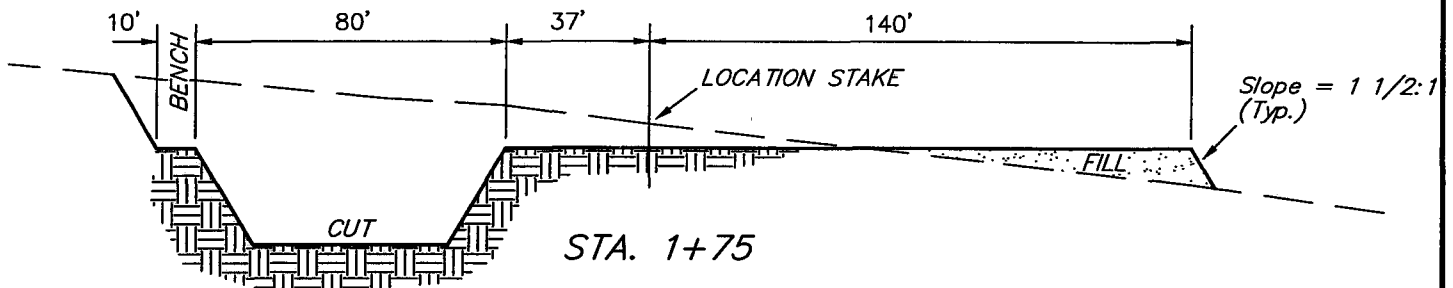
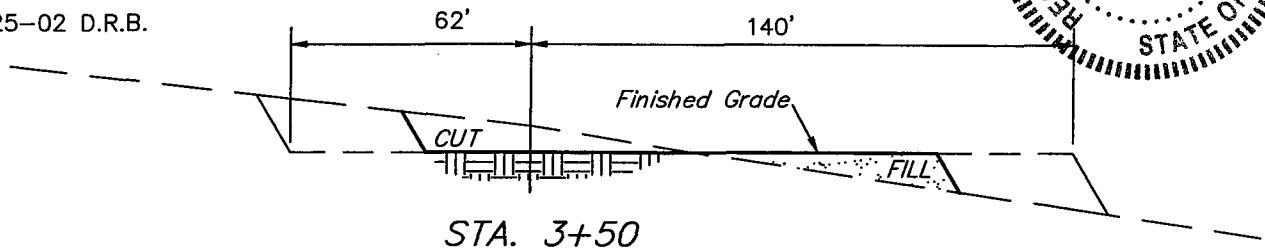
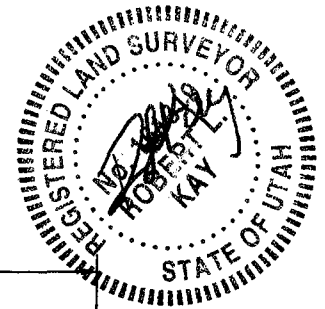
# DEL-RIO RESOURCES, INC.

## TYPICAL CROSS SECTIONS FOR

DEL-RIO / ORION #29-10ADJP  
SECTION 29, T14S, R20E, S.L.B.&M.  
660' FNL 1980' FWL

1" = 20'  
X-Section  
Scale  
1" = 50'

DATE: 10-22-01  
DRAWN BY: D.R.B.  
Rev.: 01-25-02 D.R.B.



### APPROXIMATE YARDAGES

CUT  
(12") Topsoil Stripping = 2,900 Cu. Yds.  
Remaining Location = 6,140 Cu. Yds.  
TOTAL CUT = 9,040 CU.YDS.  
FILL = 4,850 CU.YDS.

EXCESS MATERIAL AFTER  
5% COMPACTION = 3,930 Cu. Yds.  
Topsoil & Pit Backfill = 3,930 Cu. Yds.  
(1/2 Pit Vol.)  
EXCESS UNBALANCE = 0 Cu. Yds.  
(After Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East \* Vernal, Utah 84078 \* (435) 789-1017



# DEL-RIO RESOURCES, INC.

## DEL-RIO / ORION #29-10ADJP

LOCATED IN UINTAH COUNTY, UTAH

SECTION 29, T14S, R20E, S.L.B.&M.

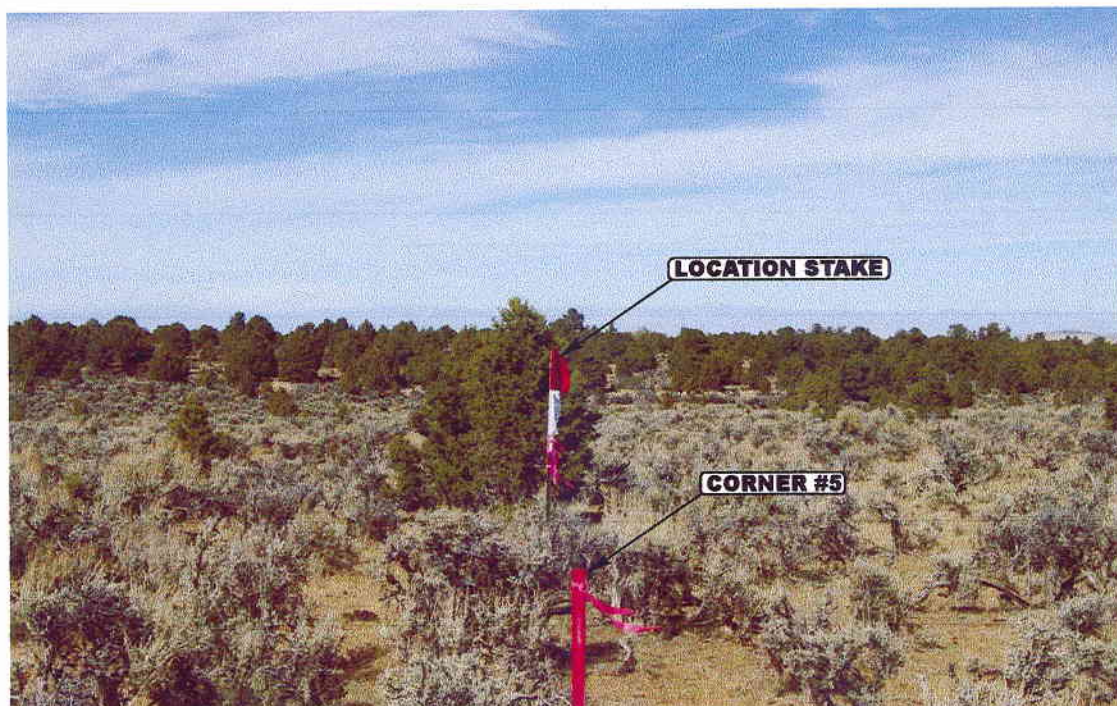


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



Uintah Engineering & Land Surveying  
85 South 200 East Vernal, Utah 84078  
435-789-1017 uels@uelsinc.com

### LOCATION PHOTOS

10 23 01  
MONTH DAY YEAR

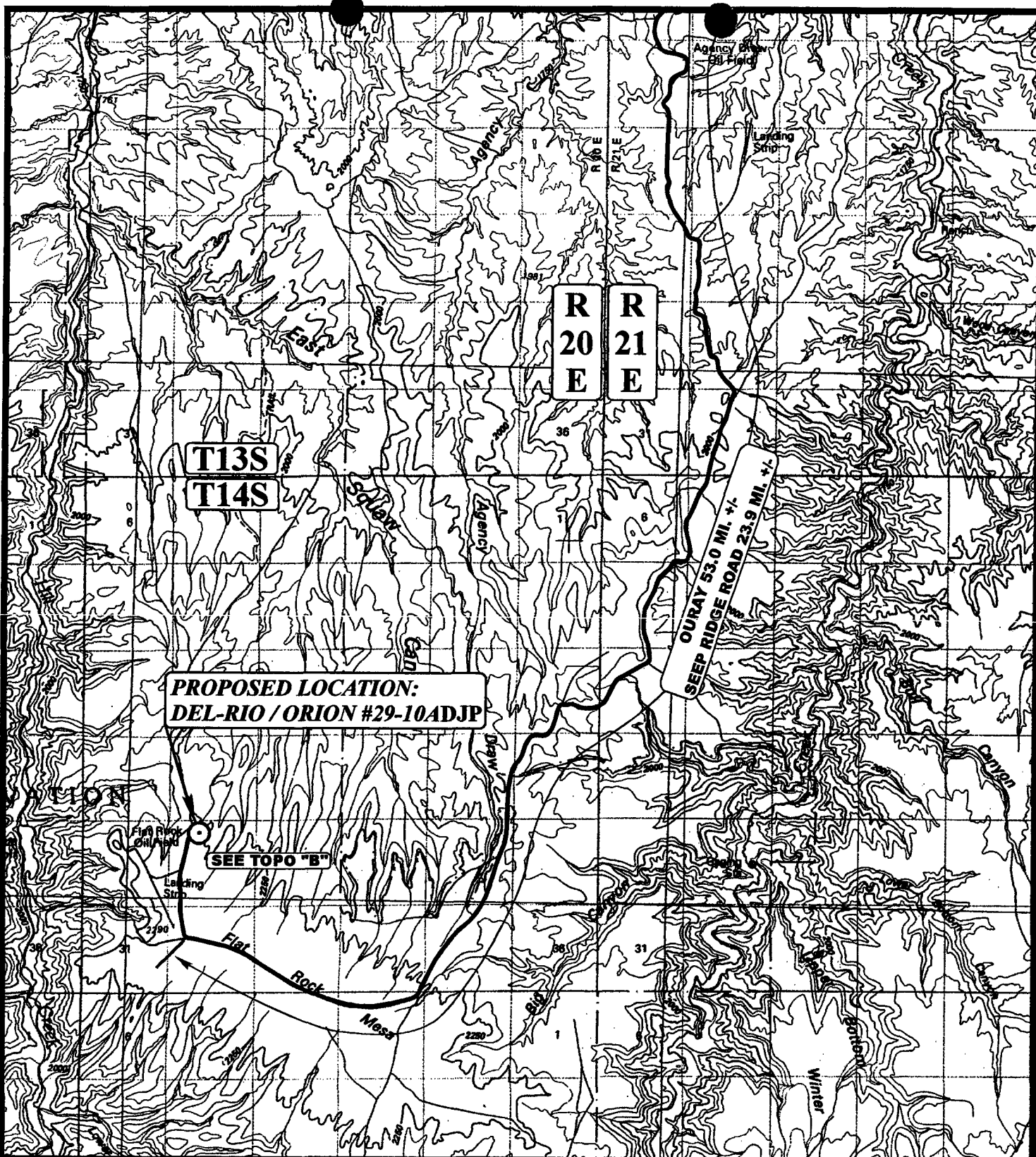
PHOTO

TAKEN BY: K.K.

DRAWN BY: K.G.

REVISED: 01-25-02





# **LEGEND:**

○ PROPOSED LOCATION

N

**DEL-RIO RESOURCES, INC.**

**DEL-RIO / ORION #29-10ADJP**  
**SECTION 29, T14S, R20E, S.L.B.&M.**  
**660' FNL 1980' FWL**



**Utah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC**  
**MAP**

**10 23 01**  
 MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: K.G. REVISED: 01-25-02

**A**  
**TOPO**



**R  
20  
E**

**PROPOSED LOCATION:  
DEL-RIO / ORION #29-10ADJP**

**EXISTING TRAIL NEEDS  
UPGRADED 0.3 MI. +/-**

**PROPOSED ACCESS 0.1 MI. +/-**

**DEL-RIO / ORION #29-7A**

Drill Hole

Drill

Hole

1.0 MI. +/-

Shovel

7512

7513

7480

7435

**SEEP RIDGE ROAD 23.9 MI. +/-**  
**OURAY 53.0 MI. +/-**

Hole

7465

7460

7445

7480

7460

7445

7460

7445

7460

7445

7460

7445

7460

7445

7460

7445

7460

7445

7460

7445

7460

7445

7460

7445

**T14S**

**T15S**

**LEGEND:**

----- PROPOSED ACCESS ROAD  
————— EXISTING ROAD

**N**

↑

↑

↑

↑

↑

↑

↑

↑

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**DEL-RIO RESOURCES INC.**

**DEL-RIO / ORION #29-10ADJP**

**SECTION 29, T14S, R20E, S.L.B.&M.**

**660' FNL 1980' FWL**

**UEIS**

**Uintah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
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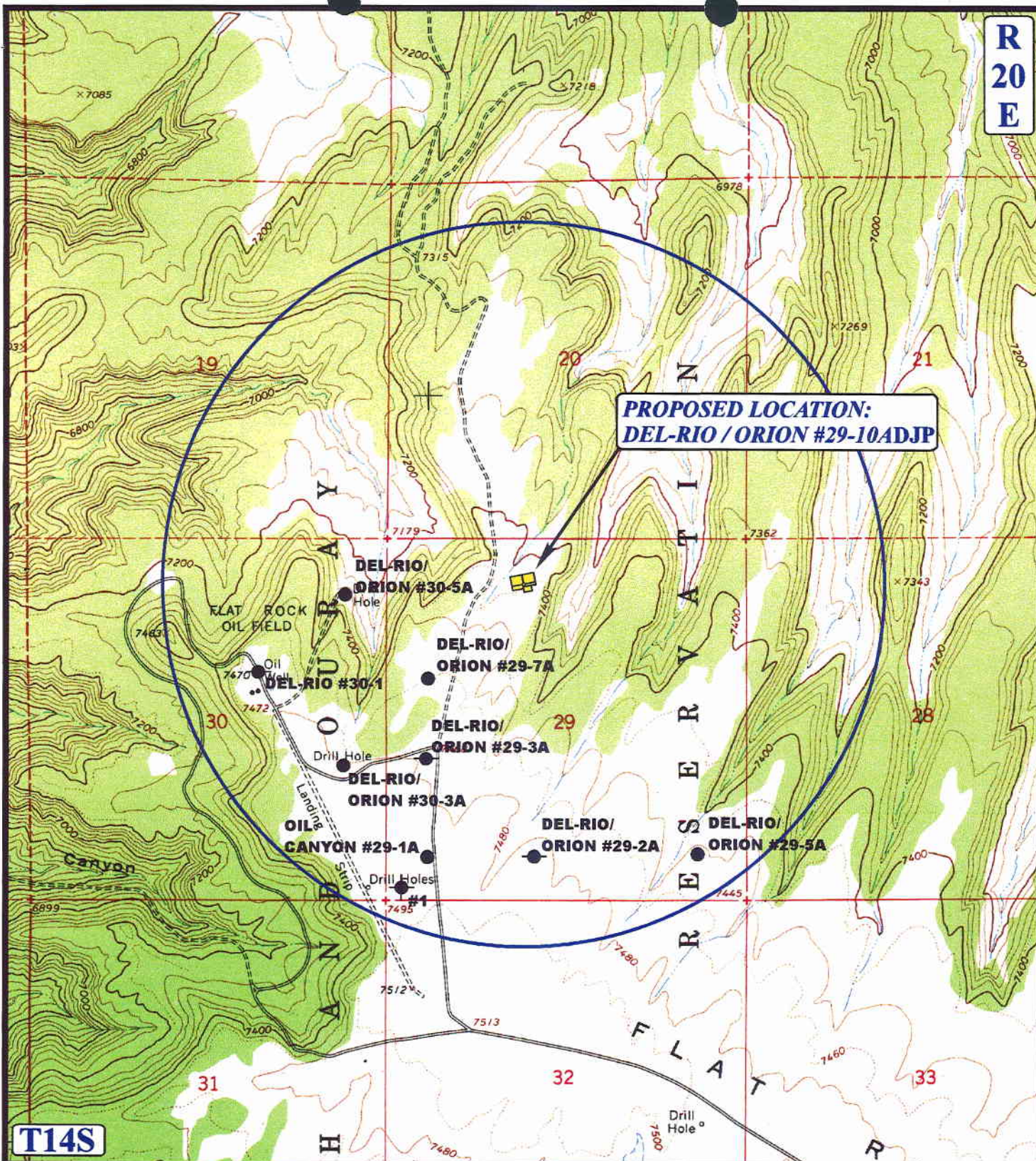
**TOPOGRAPHIC** **10** **23** **01**  
**MAP** MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: K.G. REVISED: 01-25-02

**B**  
**TOPO**



**R  
20  
E**



**PROPOSED LOCATION:  
DEL-RIO / ORION #29-10ADJP**

**T14S**

**LEGEND:**

- |                   |                         |
|-------------------|-------------------------|
| ○ DISPOSAL WELLS  | ○ WATER WELLS           |
| ● PRODUCING WELLS | ● ABANDONED WELLS       |
| ● SHUT IN WELLS   | ● TEMPORARILY ABANDONED |

**DEL-RIO RESOURCES INC.**

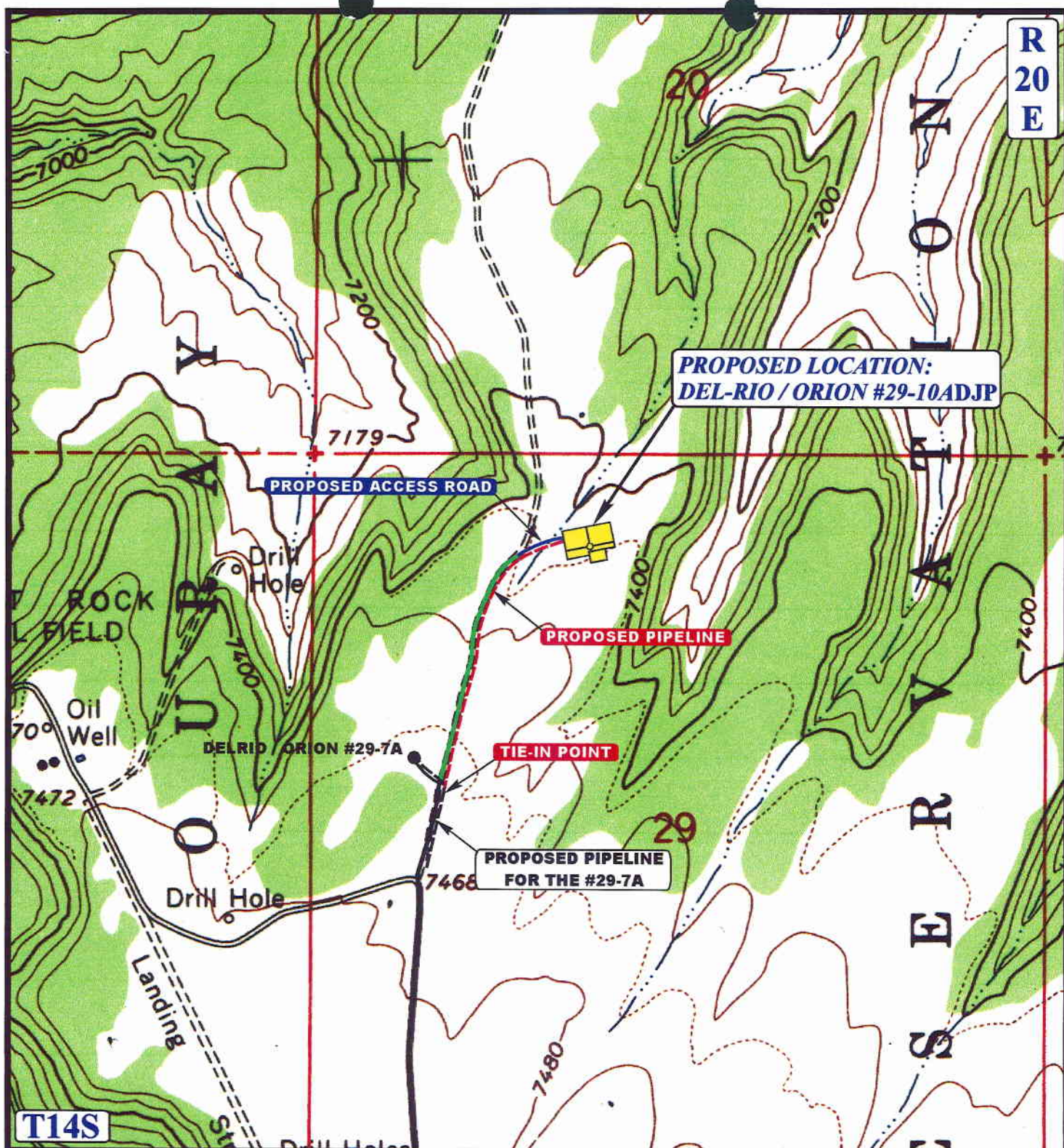
**DEL-RIO / ORION #29-10ADJP  
SECTION 29, T14S, R20E, S.L.B.&M.  
660' FNL 1980' FWL**

**U E L S**  
**Uintah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813



**TOPOGRAPHIC MAP**  
**10 23 01**  
MONTH DAY YEAR  
SCALE: 1" = 2000' DRAWN BY: K.G. REVISED: 01-25-02  
**C TOPO**





**APPROXIMATE TOTAL PIPELINE DISTANCE = 2,165' +/-**

**LEGEND:**

- EXISTING PIPELINE
- - - PROPOSED PIPELINE
- PROPOSED ACCESS

**DEL-RIO RESOURCES INC.**

**DEL-RIO / ORION #29-10ADJP**  
**SECTION 29, T14S, R20E, S.L.B.&M.**  
**660' FNL 1980' FWL**



**Uintah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813



**TOPOGRAPHIC**  
**MAP**

**10 23 01**  
 MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: K.G. REVISED: 01-25-02

**D**  
**TOPO**



# RECEIVED FILING FOR WATER IN THE STATE OF UTAH

JUN 15 2001

WATER RIGHTS  
VERNAL

## APPLICATION TO APPROPRIATE WATER

Rec. by DMW  
Fee Rec. \$ 75.00 CK # 144  
Receipt # \_\_\_\_\_

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements to Title 73, Chapter 3 of the Utah Code Annotated (1953, as amended).

Expires 7/6/02

WATER RIGHT NUMBER: 49 - 1656

TEMPORARY APPLICATION NUMBER: A73503

\*\*\*\*\*

### 1. OWNERSHIP INFORMATION:

LAND OWNED? No

A. NAME: Tu and Frum Inc.  
C/O of David Murray  
ADDRESS: P.O. Box 146, Lapoint, UT 84039

B. PRIORITY DATE: June 15, 2001

FILING DATE: June 15, 2001

### 2. SOURCE INFORMATION:

A. QUANTITY OF WATER: 10.0 acre-feet

B. SOURCE: Willow Creek

COUNTY: Uintah

#### C. POINT OF DIVERSION -- SURFACE:

(1) N 200 feet W 700 feet from SE corner, Section 29, T 12S, R 21E, SLBM  
DIVERT WORKS: Pump into trucks to haul to location

### 3. WATER USE INFORMATION:

OIL EXPLORATION: from Jan 1 to Dec 31. Drilling and completion of oil/gas wells  
South of Ouray

### 4. PLACE OF USE: (which includes all or part of the following legal subdivisions:)

| BASE TOWN RANG SEC | NORTH-WEST¼<br>NW NE SW SE | NORTH-EAST¼<br>NW NE SW SE | SOUTH-WEST¼<br>NW NE SW SE | SOUTH-EAST¼<br>NW NE SW SE |
|--------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| SL 14S 20E         | Entire TOWNSHIP            |                            |                            |                            |

### 5. EXPLANATORY:

Oil/Gas well production  
Point of diversion is on County Road Right-of-way.

Appropriate

6. SIGNATURE OF APPLICANT(S):

The applicant(s) hereby acknowledge(s) that he/she/they are citizen(s) of the United States of America or intend(s) to become such a citizen(s). The quantity of water sought to be appropriated is limited to that which can be beneficially used for the purposes herein described. The undersigned hereby acknowledges that even though he/she/they may have been assisted in the preparation of the above-numbered application through the courtesy of the employees of the Division of Water Rights, all responsibility for the accuracy of information contained herein, at the time of filing, rests with the applicant(s).

*Tu-Frum Inc,*

*Kenneth R. Sutton*

Signature of Applicant(s)

WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 01/30/2002

API NO. ASSIGNED: 43-047-34484

WELL NAME: DEL-RIO/ORION 29-10ADJP

OPERATOR: DEL-RIO RESOURCES INC ( N0330 )

CONTACT: LAWRENCE CALDWELL

PHONE NUMBER: 435-~~789-8162~~ 790-8578

PROPOSED LOCATION:

NENW 29 140S 200E

SURFACE: 0660 FNL 1980 FWL

BOTTOM: 0660 FNL 1980 FWL

UINTAH

UNDESIGNATED ( 2 )

LEASE TYPE: 1 - Federal

LEASE NUMBER: U-10166

SURFACE OWNER: 2 - Indian

PROPOSED FORMATION: NAVA

INSPECT LOCATN BY: / /

| Tech Review | Initials | Date |
|-------------|----------|------|
| Engineering |          |      |
| Geology     |          |      |
| Surface     |          |      |

RECEIVED AND/OR REVIEWED:

☒ Plat  
☒ Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. UT-0837 )  
☒ Potash (Y/N)  
☒ Oil Shale 190-5 (B) or 190-3 or 190-13  
☒ Water Permit  
(No. 49-1656 )  
☒ RDCC Review (Y/N)  
(Date: )  
☒ Fee Surf Agreement (Y/N)

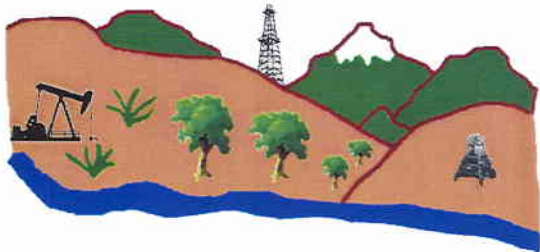
LOCATION AND SITING:

☐ R649-2-3. Unit  
☒ R649-3-2. General  
Siting: 460 From Qtr/Qtr & 920' Between Wells  
☐ R649-3-3. Exception  
☐ Drilling Unit  
Board Cause No:  
Eff Date:  
Siting:  
☐ R649-3-11. Directional Drill

COMMENTS:

STIPULATIONS:

1-Fed. Approval  
2-Spacing Stip.



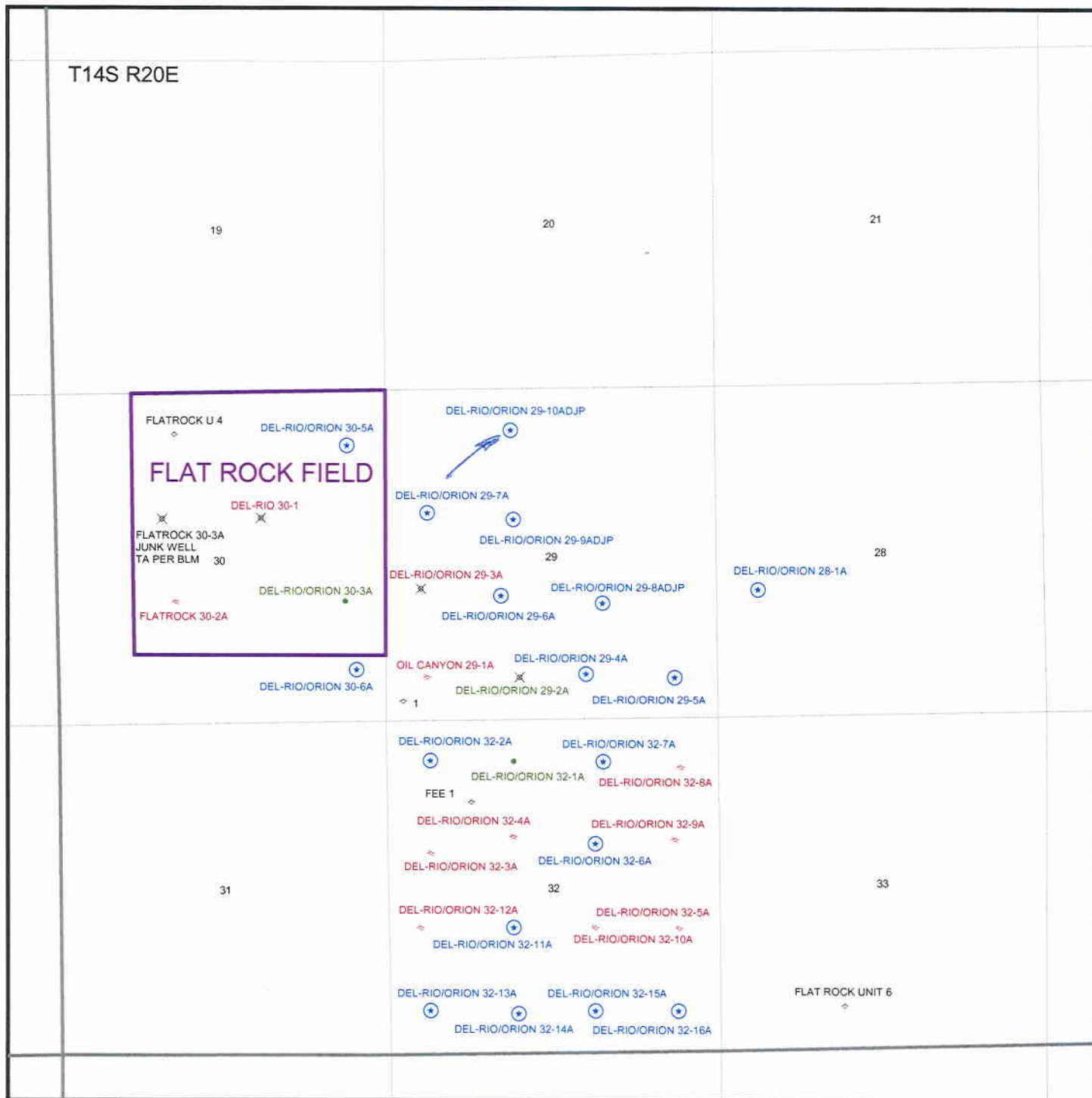
Utah Oil Gas and Mining

OPERATOR: DEL-RIO RESOURCES (N0330)

SEC. 29, T14S, R20E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH SPACING: R649-3-2/GEN ST



003



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

February 11, 2002

Del-Rio Resources Inc  
PO Box 459  
Vernal UT 84078

Re: Del-Rio/Orion 29-10ADJP Well, 660' FNL, 1980' FWL, NE NW, Sec. 29, T. 14 South, R. 20 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-34484.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. R. Baza'.

John R. Baza  
Associate Director

er

Enclosures

cc: Uintah County Assessor  
Bureau of Land Management, Vernal District Office

Operator: Del-Rio Resources Inc  
Well Name & Number Del-Rio/Orion 29-10ADJP  
API Number: 43-047-34484  
Lease: U-10166

Location: NE NW      Sec. 29      T. 14 South      R. 20 East

### Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

004

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☐

DEEPEN ☐

b. TYPE OF WELL

OIL  
WELL ☐

GAS  
WELL ☒

OTHER

SINGLE  
ZONE ☐

MULTIPLE  
ZONE ☐

2. NAME OF OPERATOR

Del-Rio Resources, Inc.

(435) 789-8162

3. ADDRESS AND TELEPHONE NO.

P.O. Box 459 Vernal, Utah 84078

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*

At surface

660' FNL 1980' FWL NE $\frac{1}{4}$  NW $\frac{1}{4}$

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

See Topo Map "A" (attached)

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.  
(Also to nearest drlg. unit line, if any)

660'

16. NO. OF ACRES IN LEASE

1280

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION\*

TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

1320'

19. PROPOSED DEPTH

11,950'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

7409 GR

22. APPROX. DATE WORK WILL START\*

ASAP

23.

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | GRADE, SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT         |
|--------------|-----------------------|-----------------|---------------|----------------------------|
| 11"          | 8-5/8"                | 24#             | 850'          | See attached drilling plan |
| 7-7/8"       | 5-1/2"                | 17#             | 11,950'       | See attached drilling plan |

1. M.I.R.U.

2. Drill to T.D. 11,950'

3. Run 5-1/2" casing if commercial production is indicated

4. If dry hold, well will be plugged and abandoned as instructed by the B.L.M.

5. Well will be drilled with fresh water to 1800", then Chem Gel Mud to T.D.  
Mud will be in place to run 5-1/2" casing.

I hereby certify that I am responsible by the terms and conditions of the Lease to conduct Lease Operations. Bond Coverage pursuant to 43 CFR 3104 for Lease Activities is being provided by First Security Bank in the form of a Certificate of Deposit. BLM UT 0837

RECEIVED

JAN 31 2002

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

*Laurence C. Caldwell #*

TITLE

President

DATE

Jan. 28, 2002

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED

*Thomas R. Cleary #*

TITLE

Assistant Field Manager  
Mineral Resources

DIVISION OF  
OIL, GAS AND MINING  
DATE 01/31/2002

\*See Instructions

Title 18 U.S.C. Sec. 1001, 1003, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1090, 1091, 1092, 1093, 1094, 1095, 1096, 1097, 1098, 1099, 1100, 1101, 1102, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1120, 1121, 1122, 1123, 1124, 1125, 1126, 1127, 1128, 1129, 1130, 1131, 1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, 1163, 1164, 1165, 1166, 1167, 1168, 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1833, 1834, 1835, 1836, 1837, 1838, 1839, 1840, 1841, 1842, 1843, 1844, 1845, 1846, 1847, 1848, 1849, 1850, 1851, 1852, 1853, 1854, 1855, 1856, 1857, 1858, 1859, 1860, 1861, 1862, 1863, 1864, 1865, 1866, 1867, 1868, 1869, 1870, 1871, 1872, 1873, 1874, 1875, 1876, 1877, 1878, 1879, 1880, 1881, 1882, 1883, 1884, 1885, 1886, 1887, 1888, 1889, 1890, 1891, 1892, 1893, 1894, 1895, 1896, 1897, 1898, 1899, 1900, 1901, 1902, 1903, 1904, 1905, 1906, 1907, 1908, 1909, 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 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**CONDITIONS OF APPROVAL**  
**APPLICATION FOR PERMIT TO DRILL**

Company/Operator: Del- Rio Resources, Inc.

Well Name & Number: Del-Rio Resources 29-10ADJP

API Number: 43-047-34484

Lease Number: U - 10166

Location: NENW Sec. 29 T. 14S R. 20E

**NOTIFICATION REQUIREMENTS**

- |                                 |   |   |
|---------------------------------|---|---|
| Location Construction           | - | at least forty-eight (48) hours prior to construction of location and access roads.   |
| Location Completion             | - | prior to moving on the drilling rig.  |
| Spud Notice                     | - | at least twenty-four (24) hours prior to spudding the well.   |
| Casing String and Cementing     | - | at least twenty-four (24) hours prior to running casing and cementing all casing strings.   |
| BOP and Related Equipment Tests | - | at least twenty-four (24) hours prior to initiating pressure tests.   |
| First Production Notice         | - | within five (5) business days after new well begins, or production resumes after well has been off production for more than ninety (90) days. |

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.



## CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

### A. DRILLING PROGRAM

#### 1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to this office **prior to setting the next casing string or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

#### 2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **3M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to. If a mist system is being utilized then the requirement for a deduster shall be waived.

3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint. As a minimum, the usable water shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the top of the Wasatch Formation, identified at 2,407 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

No chromate additives will be used in the mud system on Federal and Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

All Drill Stem tests (DST) shall be accomplished during daylight hours, unless specific approval to start during other hours is obtained from the AO. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vaporproof for safe operations). Packers can be released, but tripping should not begin before daylight unless prior approval is obtained from the AO.

A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6. Notifications of Operations

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-5(d) shall be submitted to the appropriate Field Office within 60 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (1).

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

All loading lines will be placed inside the berm surrounding the tank battery

All off-lease storage, off-lease measurement, or commingling onlease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted on initial meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approvals are necessary, you must contact one of the following individuals:

|                    |                |
|--------------------|----------------|
| Ed Forsman         | (435) 828-7874 |
| Petroleum Engineer |                |
| Kirk Fleetwood     | (435) 828-7875 |
| Petroleum Engineer |                |
| BLM FAX Machine    | (435) 781-4410 |

## EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids.

**SURFACE USE PROGRAM  
CONDITIONS OF APPROVAL (COAs)**

Del-Rio Resources, INC. (Del-Rio) will assure the Ute Tribe that any/all contractors and subcontractors have acquired a current Tribal Business License and have updated "Access Permits" prior to construction. All Del-Rio personnel, contractors and subcontractors will have these permits in their vehicles at all times. Companies that have not complied with this COA will be in violation of the Ute Tribal Business License Ordinance, and will be subject to fines and penalties.

Del-Rio employees, representatives, and/or authorized personnel (subcontractors) shall not carry firearms on their person or in their vehicles while working on the Uintah and Ouray Indian Reservation.

Del-Rio employees and/or authorized personnel (subcontractors) in the field will have approved applicable APDs and/or ROW permits/authorizations on their person(s) during all phases of construction.

Del-Rio will notify the Ute Tribe and Bureau of Indian Affairs (BIA) in writing of any requested modification of APDs or Rights-Of Way (ROW). Del-Rio shall receive written notification of authorization or denial of the requested modification. Without authorization, Del-Rio will be subject to fines and penalties.

The Ute Tribe Energy & Minerals Department shall be notified in writing 48 hours in advance of any construction activity. The Ute Tribal office is open Monday through Thursday. A Tribal Technician is to routinely monitor construction. Del-Rio shall make arrangements with the Ute Energy & Minerals Department for all monitoring that will exceed regular working hours for Tribal Technicians. A qualified Archaeologist accompanied by a Tribal technician will monitor trenching construction wherever the pipeline is buried.

A Corridor ROW, 50 feet wide and 2165 feet long, shall be granted for the pipeline and access road. The constructed travel width of the access road will be limited to 18 feet. Upon authorization by the Ute Tribe Energy & Minerals Department, the ROW may be wider where sharp curves; deep cuts and fills occur; or, where intersections with other roads are required.

Culverts and diversion ditches will be placed and constructed where needed. Road base gravel will be used where sandy soils make roadways and the drilling location hazardous for access or drilling operations.

Upon completion of the pertinent APD and ROWs, Del-Rio will notify the Ute Tribe Energy & Minerals Department for a Tribal Technician to verify the Affidavit of Completion.

Production waters, oil, and other byproducts shall not be placed on access roads or the well pad.

All vehicular traffic, personnel movement, construction and restoration operations will be confined to the areas examined and approved and to the existing roadways and/or evaluated access routes.

Del-Rio will implement "Safety and Emergency Plan" and ensure plan compliance.

Del-Rio shall stop construction activities and notify personnel from the Ute Tribe Energy & Minerals Department and BIA if cultural remains including paleontologic resources (vertebrate fossils) are exposed or identified during construction. The Ute Tribe Department of Cultural Rights and Protection and the BIA will provide mitigation measures prior to allowing construction.

Del-Rio employees and/or authorized personnel (subcontractors) will not be allowed to collect artifacts and paleontologic fossils. No significant cultural resources shall be disturbed.

Del-Rio will control noxious weeds on the well site and ROWs. Del-Rio will be responsible for noxious weed control if weeds spread from the project area onto adjoining land.

Reserve pits will be lined with an impervious synthetic liner. A fence will be constructed around the reserve pit until it is backfilled. Prior to backfilling the reserve pit, all fluids will be pumped from the pit into trucks and hauled to approved disposal sites. When the reserve pits are backfilled, the surplus oil and mud, etc., will be buried a minimum of 3 feet below the surface of the soil.

A closed system will be used during production. This means that production fluids will be contained in leak-proof tanks. All production fluids will be disposed of in either approved injection wells or at approved disposal sites.

Surface pipelines will be constructed to lay on the soil surface. The ROW will not be bladed or cleared of vegetation without authorization of the BIA. Surface pipelines shall be welded in place at well sites or on access roads. They shall be pulled into place and assembled with suitable equipment. Vehicles shall not use pipeline ROWs as access roads unless specifically authorized.

Buried pipelines shall be buried a minimum of 3 feet below the soil surface. After construction is completed the disturbed area shall be contoured to blend into the natural landscape and be reseeded between September 15 and November 1 of the year following construction with perennial vegetation seed mixture provided by the BIA or Ute Tribe.

Before the site is abandoned, Del-Rio will be required to restore the well site and ROWs to near their original state. The disturbed areas will be reseeded with desirable perennial vegetation.

Soil erosion will be mitigated by reseeded all disturbed areas.

005

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

|   |  |   |
|---|--|---|
| 1. TYPE OF WELL<br>OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ |  | 5. LEASE DESIGNATION AND SERIAL NUMBER:<br>UTU-10166                |
| 2. NAME OF OPERATOR:<br>Del-Rio Resources Inc.  |  | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME:<br>Ute Indian Tribe (surface) |
| 3. ADDRESS OF OPERATOR:<br>P.O. Box 459 CITY Vernal STATE UT ZIP 84078  |  | 7. UNIT or CA AGREEMENT NAME:                                       |
| 4. LOCATION OF WELL<br>FOOTAGES AT SURFACE: 1980' fwl, 660' fnl   |  | 8. WELL NAME and NUMBER:<br>Del-Rio/Orion 29-10A DJP                |
| QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 29 14S 20E  |  | 9. API NUMBER:<br>4304734484  |
|   |  | 10. FIELD AND POOL, OR WILDCAT:<br>Flat Rock                        |
|   |  | COUNTY: Uintah  |
|   |  | STATE: UTAH   |

**11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

| TYPE OF SUBMISSION   | TYPE OF ACTION  |   |  |
|--|---|---|--|
| <input checked="" type="checkbox"/> NOTICE OF INTENT<br>(Submit in Duplicate)<br>Approximate date work will start: _____ | <input type="checkbox"/> ACIDIZE                        | <input type="checkbox"/> DEEPEN                           | <input type="checkbox"/> REPERFORATE CURRENT FORMATION           |
|  | <input type="checkbox"/> ALTER CASING                   | <input type="checkbox"/> FRACTURE TREAT                   | <input type="checkbox"/> SIDETRACK TO REPAIR WELL                |
|  | <input type="checkbox"/> CASING REPAIR                  | <input type="checkbox"/> NEW CONSTRUCTION                 | <input type="checkbox"/> TEMPORARILY ABANDON                     |
|  | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS       | <input type="checkbox"/> OPERATOR CHANGE                  | <input type="checkbox"/> TUBING REPAIR                           |
|  | <input type="checkbox"/> CHANGE TUBING                  | <input type="checkbox"/> PLUG AND ABANDON                 | <input type="checkbox"/> VENT OR FLARE                           |
| <input type="checkbox"/> SUBSEQUENT REPORT<br>(Submit Original Form Only)<br>Date of work completion: _____              | <input type="checkbox"/> CHANGE WELL NAME               | <input type="checkbox"/> PLUG BACK                        | <input type="checkbox"/> WATER DISPOSAL                          |
|  | <input type="checkbox"/> CHANGE WELL STATUS             | <input type="checkbox"/> PRODUCTION (START/RESUME)        | <input type="checkbox"/> WATER SHUT-OFF                          |
|  | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECLAMATION OF WELL SITE         | <input checked="" type="checkbox"/> OTHER: Request APD extension |
|  | <input type="checkbox"/> CONVERT WELL TYPE              | <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION |  |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Work delayed while interpreting tie-ins of adjacent wells to 3D seismic data volume and assembly of an application to form a Federal Exploratory Unit. This well may serve as a unit obligation well.

Del-Rio Resources, Inc. herewith requests a one year extension of the existing APD.

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

Date: 05-07-03  
By: *[Signature]*

COPY SENT TO OPERATOR  
Date: 5-8-03  
Initials: CHD

|   |                           |
|---|---------------------------|
| NAME (PLEASE PRINT) David L. Allin (970) 254-3114 | TITLE Exploration Manager |
| SIGNATURE <i>[Signature]</i>                      | DATE 5/2/2003             |

(This space for State use only)



**Application for Permit to Drill  
Request for Permit Extension  
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

**API:** 43-047-34484  
**Well Name:** DEL-RIO/ORION 29-10A DJP  
**Location:** NENW 29 14S-20E UINTAH COUNTY, UTAH  
**Company Permit Issued to:** DEL-RIO RESOURCES INC  
**Date Original Permit Issued:** 2/11/2002

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐

  
Signature

5/2/2003  
Date

Title: EXPLORATION MGR (970) 254-3114

Representing: DEL-RIO RESOURCES INC



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, Utah 84078-2799

<http://www.blm.gov/utah/vernal>

Phone: (435) 781-4400

Fax: (435) 781-4410

IN REPLY REFER TO:

3162.3

UT08300

October 16, 2003

Miller, Dyer & Co. LLC  
475 17<sup>th</sup> Street, Suite 420  
Denver, CO 80202

Re: Change of Operator Sundry Notice  
See Attachment for Well List  
Sections 28 & 29, T14S, R20E  
Uintah County, Utah  
Lease No. UTU-10166

RECEIVED  
OCT 21 2003

Dear Mr. Dyer:

This correspondence is in regard to the self-certification statement submitted requesting a change in operator for the referenced wells. After a review by this office, the change in operator request is approved. Effective immediately, Miller, Dyer & Co. LLC. is responsible for all operations performed on the referenced wells. All liability will now fall under your bond, BLM Bond No. UTB000058, for all operations conducted on the referenced wells on the leased land.

DIV. OF OIL, GAS & MINING

If you have any other questions concerning this matter, please contact me at this office at (435) 781-4480.

Sincerely,

Howard B. Cleavinger II  
Assistant Field Manager  
Mineral Resources

Attachment

cc: UDOGM  
Steven Martens Trust (Del Rio Resources)  
Pacific Union Corp.  
Shaw Resources LTD LLC

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

FORM APPROVED

Budgeted Bureau No. 1004-0135

Expires March 31, 1993

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT -" for such proposals

**SUBMIT IN TRIPLICATE**

1. Type of Well



Oil Well



Gas well



Other

2. Name of Operator

Miller, Dyer &amp; Co. LLC

3. Address and Telephone No.

475 17th Street, Suite 420, Denver, CO 80202

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

See attached schedule

5. Lease Designation and Serial No.

UTU-10166

6. If Indian, Allottee or Tribe Name

N/A

7. If unit or CA, Agreement Designation

N/A

8. Well Name and No.

See attached schedule

9. API Well No.

See attached schedule

10. Field and Pool, or Exploratory Area

Flat Rock

11. County or Parish, State

Unitah, UT

**12 CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA****TYPE OF SUBMISSION**

Notice of Intent



Subsequent Report



Final Abandonment Notice

**TYPE OF ACTION**

Abandonment



Recompletion



Plugging Back



Casing repair



Altering Casing

Other Change of Operator

Change of Plans



New Construction



Non-Routine Fracturing



Water Shut-off



Conversion to Injection



Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work).

Shaw Resources Limited, L. L. C. hereby designates Miller, Dyer & Co. LLC as operator of the above captioned wells effective 9/8/2003. Miller, Dyer & Co. LLC is responsible under the terms and conditions of the lease for operations conducted on the leased lands or portions thereof.

Bond coverage for this well will be provided by a rider filed to BLM Bond NO. **UTB 000058** DIV. OF OIL, GAS & MI.

SHAW RESOURCES LIMITED, L.L.C.,

By: Energy Management Services, L.L.C., its Manager

By: Energy Management Services, Inc., its Manager,

By:

David Husman, President

RECEIVED

OCT 21 2003

14. I hereby certify that the foregoing is true and correct:

Signed

Title

Operations Manager

Date 9/05/2003

(This space of Federal or State office use)

Approved by

Assistant Field Manager

Mineral Resources

Date

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly to make to any department of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**\*See Instruction on Reverse Side**

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL ☒ GAS WELL ☒ OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
Del Rio Resources, Inc.

3. ADDRESS OF OPERATOR:  
P O Box 459 CITY Vernal STATE UT ZIP 84078

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: See Attached  
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:

5. LEASE DESIGNATION AND SERIAL NUMBER:  
See attached schedule

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:  
See attached schedule

9. API NUMBER:  
See attach

10. FIELD AND POOL, OR WILDCAT:  
See attached schedule

COUNTY: Uintah

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION  | TYPE OF ACTION  |   |  |  |
|---|---|---|--|--|
| <input type="checkbox"/> NOTICE OF INTENT<br>(Submit in Duplicate)<br>Approximate date work will start:<br>_____          | <input type="checkbox"/> ACIDIZE                        | <input type="checkbox"/> DEEPEN                           | <input type="checkbox"/> REPERFORATE CURRENT FORMATION |  |
|   | <input type="checkbox"/> ALTER CASING                   | <input type="checkbox"/> FRACTURE TREAT                   | <input type="checkbox"/> SIDETRACK TO REPAIR WELL      |  |
|   | <input type="checkbox"/> CASING REPAIR                  | <input type="checkbox"/> NEW CONSTRUCTION                 | <input type="checkbox"/> TEMPORARILY ABANDON           |  |
|   | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS       | <input checked="" type="checkbox"/> OPERATOR CHANGE       | <input type="checkbox"/> TUBING REPAIR                 |  |
|   | <input type="checkbox"/> CHANGE TUBING                  | <input type="checkbox"/> PLUG AND ABANDON                 | <input type="checkbox"/> VENT OR FLARE                 |  |
| <input checked="" type="checkbox"/> SUBSEQUENT REPORT<br>(Submit Original Form Only)<br>Date of work completion:<br>_____ | <input type="checkbox"/> CHANGE WELL NAME               | <input type="checkbox"/> PLUG BACK                        | <input type="checkbox"/> WATER DISPOSAL                |  |
|   | <input type="checkbox"/> CHANGE WELL STATUS             | <input type="checkbox"/> PRODUCTION (START/RESUME)        | <input type="checkbox"/> WATER SHUT-OFF                |  |
|   | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECLAMATION OF WELL SITE         | <input type="checkbox"/> OTHER: _____                  |  |
|   | <input type="checkbox"/> CONVERT WELL TYPE              | <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION |  |  |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Shaw Resources Limited, L.L.C., as record title owner, hereby designates Miller, Dyer & Co. LLC as operator of the above captioned wells effective 9/8/2003. Miller, Dyer & Co. LLC is responsible under the terms and conditions of the lease for operations conducted on the leased lands or portions thereof.

Bond coverage for this well will be provided by a rider filed to BLM Bond No. UTB000058 and SITLA Bond # Cash  
Deposit, see attached letter dated 10/1/03

SHAW RESOURCES LIMITED, L.L.C.

By: Energy Management Services, L.L.C., its Manager

By: Energy Management Services, Inc. Its Manager,

BY: David Husman  
David Husman, President

NAME (PLEASE PRINT) Kyle R. Miller TITLE Member, Miller, Dyer & Co. LLC.  
SIGNATURE [Signature] DATE 10/20/03

(This space for State use only)

RECEIVED

OCT 22 2003

DIV. OF OIL, GAS & MINING

| <u>Field</u> | <u>API</u> | <u>Well Name</u>        | <u>Well Location</u>   |
|--------------|------------|-------------------------|--|
| Flat Rock    | 4304733595 | Del-Rio/Orion 28-1A     | <u>Township 14 South, Range 20 East, Uintah County,</u><br><u>SLM, Utah</u><br>Section 28: NW $\frac{1}{4}$ SW $\frac{1}{4}$ |
| Flat Rock    | 4304730981 | Oil Canyon 29-1A        | <u>Township 14 South, Range 20 East, Uintah County,</u><br><u>SLM, Utah</u><br>Section 29: SW $\frac{1}{4}$ SW $\frac{1}{4}$ |
| Flat Rock    | 4304732945 | Del-Rio/Orion 29-2A     | <u>Township 14 South, Range 20 East, Uintah County,</u><br><u>SLM, Utah</u><br>Section 29: SE $\frac{1}{4}$ SW $\frac{1}{4}$ |
| Flat Rock    | 4304732946 | Del-Rio/Orion 29-3A     | <u>Township 14 South, Range 20 East, Uintah County,</u><br><u>SLM, Utah</u><br>Section 29: NW $\frac{1}{4}$ SW $\frac{1}{4}$ |
| Flat Rock    | 4304733616 | Del-Rio/Orion 29-4A     | <u>Township 14 South, Range 20 East, Uintah County,</u><br><u>SLM, Utah</u><br>Section 29: SW $\frac{1}{4}$ SE $\frac{1}{4}$ |
| Flat Rock    | 4304733617 | Del-Rio/Orion 29-5A     | <u>Township 14 South, Range 20 East, Uintah County,</u><br><u>SLM, Utah</u><br>Section 29: SE $\frac{1}{4}$ SE $\frac{1}{4}$ |
| Flat Rock    | 4304734102 | Del-Rio/Orion 29-6A     | <u>Township 14 South, Range 20 East, Uintah County,</u><br><u>SLM, Utah</u><br>Section 29: NE $\frac{1}{4}$ SW $\frac{1}{4}$ |
| Flat Rock    | 4304734103 | Del-Rio/Orion 29-7A     | <u>Township 14 South, Range 20 East, Uintah County,</u><br><u>SLM, Utah</u><br>Section 29: SW $\frac{1}{4}$ NW $\frac{1}{4}$ |
| Flat Rock    | 4304734482 | Del-Rio/Orion 29-8ADJP  | <u>Township 14 South, Range 20 East, Uintah County,</u><br><u>SLM, Utah</u><br>Section 29: NW $\frac{1}{4}$ SE $\frac{1}{4}$ |
| Flat Rock    | 4304734483 | Del-Rio/Orion 29-9ADJP  | <u>Township 14 South, Range 20 East, Uintah County,</u><br><u>SLM, Utah</u><br>Section 29: SE $\frac{1}{4}$ NW $\frac{1}{4}$ |
| Flat Rock    | 4304734484 | Del-Rio/Orion 29-10ADJP | <u>Township 14 South, Range 20 East, Uintah County,</u><br><u>SLM, Utah</u><br>Section 29: NE $\frac{1}{4}$ NW $\frac{1}{4}$ |

14

6. (R649-9-2)Waste Management Plan has been received on:

\*\*\*\*

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM 10/16/2003 BIA

8. **Federal and Indian Units:**

The BLM or BIA has approved the successor of unit operator for wells listed on: n/a

9. **Federal and Indian Communization Agreements ("CA"):**

The BLM or BIA has approved the operator for all wells listed within a CA on: n/a

10. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: N/A

#### DATA ENTRY:

1. Changes entered in the **Oil and Gas Database** on: 11/26/2003
2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 11/26/2003
3. Bond information entered in RBDMS on: N/A
4. Fee wells attached to bond in RBDMS on: N/A
5. Injection Projects to new operator in RBDMS on: n/a

#### STATE WELL(S) BOND VERIFICATION:

1. State well(s) covered by Bond Number: n/a

#### FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: UTB000058

#### INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: n/a

#### FEE WELL(S) BOND VERIFICATION:

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number n/a
2. The **FORMER** operator has requested a release of liability from their bond on: N/A  
The Division sent response by letter on: N/A

#### LEASE INTEREST OWNER NOTIFICATION:

3. (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: N/A

#### COMMENTS:

Lease Owner Shaw Resources LTD, LLC designated Miller, Dyer & Co, LLC. Proof of lease was obtained from SITLA and BLM.

## OPERATOR CHANGE WORKSHEET

## ROUTING

1. GLH

2. CDW

3. FILE

**X Change of Operator (Well Sold)**

Designation of Agent/Operator

Operator Name Change

Merger

The operator of the well(s) listed below has changed, effective:

**9/8/2003****FROM: (Old Operator):**

N0330-Del-Rio Resources, Inc. (thru Shaw Resources LTD, LLC)

PO Box 459

Vernal, UT 84078

Phone: 1-(435) 789-5240

**TO: (New Operator):**

N2580-Miller, Dyer &amp; Co., LLC

475 17th St, Suite 420

Denver, CO 80202

Phone: 1-(303) 292-0949

CA No.

Unit:

**WELL(S)**

| NAME                    | SEC | TWN  | RNG  | API NO     | ENTITY NO | LEASE TYPE | WELL TYPE | WELL STATUS |
|-------------------------|-----|------|------|------------|-----------|------------|-----------|-------------|
| DEL-RIO/ORION 28-1A     | 28  | 140S | 200E | 4304733595 | 13059     | Federal    | GW        | TA          |
| OIL CANYON 29-1A        | 29  | 140S | 200E | 4304730981 | 8118      | Federal    | GW        | P           |
| DEL-RIO/ORION 29-2A     | 29  | 140S | 200E | 4304732945 | 8118      | Federal    | OW        | TA          |
| DEL-RIO/ORION 29-3A     | 29  | 140S | 200E | 4304732946 | 12470     | Federal    | GW        | TA          |
| DEL-RIO/ORION 29-4A     | 29  | 140S | 200E | 4304733616 | 13060     | Federal    | GW        | TA          |
| DEL-RIO/ORION 29-5A     | 29  | 140S | 200E | 4304733617 | 13061     | Federal    | GW        | P           |
| DEL-RIO/ORION 29-6A     | 29  | 140S | 200E | 4304734102 | 13443     | Federal    | GW        | P           |
| DEL-RIO/ORION 29-7A     | 29  | 140S | 200E | 4304734103 | 13444     | Federal    | GW        | P           |
| DEL-RIO/ORION 29-8ADJP  | 29  | 140S | 200E | 4304734482 |           | Federal    | GW        | LA          |
| DEL-RIO/ORION 29-9ADJP  | 29  | 140S | 200E | 4304734483 |           | Federal    | GW        | LA          |
| DEL-RIO/ORION 29-10ADJP | 29  | 140S | 200E | 4304734484 |           | Federal    | GW        | LA          |
| DEL-RIO/ORION 30-3A     | 30  | 140S | 200E | 4304710913 | 12395     | Federal    | OW        | P           |
| DEL-RIO 30-1            | 30  | 140S | 200E | 4304715764 | 8111      | Federal    | GW        | TA          |
| DEL-RIO/ORION 30-5A     | 30  | 140S | 200E | 4304720502 | 12654     | Federal    | GW        | P           |
| FLATROCK 30-2A          | 30  | 140S | 200E | 4304730641 | 8112      | Federal    | GW        | P           |
| FLATROCK 30-3A          | 30  | 140S | 200E | 4304730729 | 11181     | Federal    | OW        | TA          |
|                         |     |      |      |            |           |            |           |             |
|                         |     |      |      |            |           |            |           |             |
|                         |     |      |      |            |           |            |           |             |
|                         |     |      |      |            |           |            |           |             |
|                         |     |      |      |            |           |            |           |             |

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

1. (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 10/22/2003
2. (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 10/22/2003
3. The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 10/15/2003
4. Is the new operator registered in the State of Utah: YES Business Number: 4778935-0161
5. If **NO**, the operator was contacted on: \_\_\_\_\_



6. (R649-9-2)Waste Management Plan has been received on: IN PLACE

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM 10/16/2003 BIA

8. **Federal and Indian Units:**

The BLM or BIA has approved the successor of unit operator for wells listed on: n/a

9. **Federal and Indian Communization Agreements ("CA"):**

The BLM or BIA has approved the operator for all wells listed within a CA on: n/a

10. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, Transfer of Authority to Inject, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: N/A

**DATA ENTRY:**

1. Changes entered in the Oil and Gas Database on: 11/26/2003
2. Changes have been entered on the Monthly Operator Change Spread Sheet on: 11/26/2003
3. Bond information entered in RBDMS on: n/a
4. Fee wells attached to bond in RBDMS on: n/a
5. Injection Projects to new operator in RBDMS on: n/a
6. Receipt of Acceptance of Drilling Procedures for APD/New on: n/a

**STATE WELL(S) BOND VERIFICATION:**

1. State well(s) covered by Bond Number: n/a

**FEDERAL WELL(S) BOND VERIFICATION:**

1. Federal well(s) covered by Bond Number: UT 1245

**INDIAN WELL(S) BOND VERIFICATION:**

1. Indian well(s) covered by Bond Number: n/a

**FEE WELL(S) BOND VERIFICATION:**

1. (R649-3-1) The NEW operator of any fee well(s) listed covered by Bond Number n/a
2. The FORMER operator has requested a release of liability from their bond on: N/A  
The Division sent response by letter on: N/A

**LEASE INTEREST OWNER NOTIFICATION:**

3. (R649-2-10) The FORMER operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: N/A

**COMMENTS:**

Lease Owner Shaw Resources LTD, LLC designated Miller, Dyer & Co., LLC. Proof of lease was obtained from SITLA and BLM.



State of Utah

Department of  
Natural Resources

Division of  
Oil, Gas & Mining

ROBERT L. MORGAN  
*Executive Director*

LOWELL P. BRAXTON  
*Division Director*

MICHAEL O. LEAVITT  
*Governor*

OLENE S. WALKER  
*Lieutenant Governor*

March 12, 2004

John Dyer  
Miller, Dyer & Co. LLC  
475 17th Street Suite 420  
Denver, CO 80202

Re: APD Rescinded – Del-Rio/Orion 29-10ADJP, Sec. 29, T.14S, R.20E –  
Uintah County, Utah, API No. 43-047-34484

Dear Mr. Miller:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on February 11, 2002. On May 7, 2003, the Division granted a one-year APD extension. On March 12, 2004 you requested that the division rescind the approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective March 12, 2004, as requested.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

A handwritten signature in cursive script that reads "Diana Whitney".

Diana Whitney  
Engineering Technician

cc: Well File  
Bureau of Land Management, Vernal

## OPERATOR CHANGE WORKSHEET

008

## ROUTING

1. GLH

2. CDW

3. FILE

X Change of Operator (Well Sold)

Designation of Agent/Operator

Operator Name Change

Merger

The operator of the well(s) listed below has changed, effective:

3/1/2002, 1/1/2003, 9/8/2003

**FROM:** (Old Operator):

N2110-Miller Dyer Resources, LLC

475 17th St, Suite 420

Denver, CO 80202

Phone: 1-(303) 292-0949

**TO:** ( New Operator):

N2580-Miller, Dyer &amp; Co., LLC

475 17th St, Suite 420

Denver, CO 80202

Phone: 1-(303) 292-0949

CA No.

Unit:

**WELL(S)**

| NAME                    | SEC TWN RNG |      |      | API NO     | ENTITY NO | LEASE TYPE | WELL TYPE | WELL STATUS |
|-------------------------|-------------|------|------|------------|-----------|------------|-----------|-------------|
| HATCH POINT 1           | 14          | 290S | 210E | 4303731658 | 11356     | Federal    | OW        | S           |
| CHEVRON FED 1           | 24          | 290S | 230E | 4303730005 | 975       | Federal    | OW        | S           |
| CHIMNEY ROCK 32-11      | 32          | 130S | 210E | 4304733445 | 12984     | State      | GW        | TA          |
| CHIMNEY ROCK 32-13      | 32          | 130S | 210E | 4304733447 | 12985     | State      | GW        | P           |
| CHIMNEY ROCK 32-14      | 32          | 130S | 210E | 4304733448 | 12983     | State      | GW        | P           |
| DEL-RIO/ORION 28-1A     | 28          | 140S | 200E | 4304733595 | 13059     | Federal    | GW        | TA          |
| OIL CANYON 29-1A        | 29          | 140S | 200E | 4304730981 | 8118      | Federal    | GW        | P           |
| DEL-RIO/ORION 29-2A     | 29          | 140S | 200E | 4304732945 | 8118      | Federal    | OW        | TA          |
| DEL-RIO/ORION 29-3A     | 29          | 140S | 200E | 4304732946 | 12470     | Federal    | GW        | TA          |
| DEL-RIO/ORION 29-4A     | 29          | 140S | 200E | 4304733616 | 13060     | Federal    | GW        | TA          |
| DEL-RIO/ORION 29-5A     | 29          | 140S | 200E | 4304733617 | 13061     | Federal    | GW        | P           |
| DEL-RIO/ORION 29-6A     | 29          | 140S | 200E | 4304734102 | 13443     | Federal    | GW        | P           |
| DEL-RIO/ORION 29-7A     | 29          | 140S | 200E | 4304734103 | 13444     | Federal    | GW        | P           |
| DEL-RIO/ORION 29-8ADJP  | 29          | 140S | 200E | 4304734482 |           | Federal    | GW        | LA          |
| DEL-RIO/ORION 29-9ADJP  | 29          | 140S | 200E | 4304734483 |           | Federal    | GW        | LA          |
| DEL-RIO/ORION 29-10ADJP | 29          | 140S | 200E | 4304734484 |           | Federal    | GW        | LA          |
| DEL-RIO/ORION 30-3A     | 30          | 140S | 200E | 4304710913 | 12395     | Federal    | OW        | P           |
| DEL-RIO 30-1            | 30          | 140S | 200E | 4304715764 | 8111      | Federal    | GW        | TA          |
| DEL-RIO/ORION 30-5A     | 30          | 140S | 200E | 4304720502 | 12654     | Federal    | GW        | P           |
| FLATROCK 30-2A          | 30          | 140S | 200E | 4304730641 | 8112      | Federal    | GW        | P           |
| FLATROCK 30-3A          | 30          | 140S | 200E | 4304730729 | 11181     | Federal    | OW        | TA          |

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

1. (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 3/18/20022. (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 3/18/20023. The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 2/25/20044. Is the new operator registered in the State of Utah: YES Business Number: 4778935-01615. If **NO**, the operator was contacted contacted on: \_\_\_\_\_

6. (R649-9-2)Waste Management Plan has been received on:

IN PLACE

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM 3/18/2002 BIA

8. **Federal and Indian Units:**

The BLM or BIA has approved the successor of unit operator for wells listed on: n/a

9. **Federal and Indian Communization Agreements ("CA"):**

The BLM or BIA has approved the operator for all wells listed within a CA on: n/a

10. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: N/A

**DATA ENTRY:**

1. Changes entered in the **Oil and Gas Database** on: 4/14/2004
2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 4/14/2004
3. Bond information entered in RBDMS on: 4/14/2004
4. Fee wells attached to bond in RBDMS on: 4/14/2004
5. Injection Projects to new operator in RBDMS on: n/a
6. Receipt of Acceptance of Drilling Procedures for APD/New on: n/a

**STATE WELL(S) BOND VERIFICATION:**

1. State well(s) covered by Bond Number: Cash 10/1/03

**FEDERAL WELL(S) BOND VERIFICATION:**

1. Federal well(s) covered by Bond Number: UT 1245

**INDIAN WELL(S) BOND VERIFICATION:**

1. Indian well(s) covered by Bond Number: n/a

**FEE WELL(S) BOND VERIFICATION:**

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number n/a
2. The **FORMER** operator has requested a release of liability from their bond on: N/A  
The Division sent response by letter on: N/A

**LEASE INTEREST OWNER NOTIFICATION:**

3. (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: N/A

**COMMENTS:**

Previous Operator Changes were to Miller, Dyer & Co, LLC; This change corrects DOGM's error.